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Fun and Expletives Repleted

As they meet, corporate chiefs see some modest gains ahead

In sleepy Hot Springs, Va., the sprawling Georgian-style Homestead was gripped with a particular excitement the weekend before last. The same little ritual takes place every fall and spring when the Business Council, composed of about 100 top corporate chieftains, gathers with the highest Government officers at the exclusive resort in what sometimes have been stormy conclaves. As General Motors Chairman Thomas Murphy puts it, the meetings are held "so we can hear Government's views, but more important, they can hear our views." Yet, as TIME Washington Correspondent George Taber observes from Hot Springs, there is also a good deal of opportunity for fun and games. His report:

in a surrey, along with bowling, swimming and spa waters.

Despite these distractions, businessmen find time for many formal talks and weighty pronouncements. At various closed-door working sessions this time, members debated policy with Federal Reserve Chairman William Miller, Budget Director James McIntyre, Commerce Secretary Juanita Kreps, Presidential Trade-and-Inflation Aide Robert Strauss, CIA Chief Stansfield Turner and Economist Alan Greenspan.

Sandwiched between the working sessions, the black-tie dinners and dances, the council members hold informal press conferences—sometimes too informal. For example, David Packard, chairman

istration is now more open-minded."

Council members expressed moderate optimism about the economy, noting that a joint study by their economists forecasts that it will show real growth next year of about 3%—not great but far above recession levels. The business leaders were also encouraged by the voter uprising against Government spending. Said Benjamin Biaggini, chairman of the Southern Pacific Co.: "Proposition 13 is the greatest thing since ice cream." Du Pont Chairman Irving Shapiro exulted that "the public is again captain of the ship. For the first time we're in a posture to get a good economic policy because the public is demanding it."

In the mood of the consumer, businessmen's opinions were mixed. GM's Murphy believed the consumer "will stay in a buying state of mind. He is concerned about the economy twelve to 18 months out, but the current situation doesn't concern him." But other members feared that the consumer is dangerously overloaded with debt. Said GE's Jones: "Historically, when the consumer's debt load gets above 19%, he stops buying and that tips us into a recession. Right now it's more than 20%." Bill Miller agreed that he was also anxious about growing consumer debt.

The major fear of the business chiefs was that monetary policy will not be made tight enough to curb inflation and the Administration will ultimately go for wage-price controls. Citibank Chief Walter Wriston leaned back in a soft couch and remarked: "Diocletian tried controls in 301 A.D. They didn't work then, and they won't work now. It's baked in the cake that we're going to have a recession in 1980. People are always saying that alcohol doesn't make you drunk, and monetary policy doesn't give you inflation." David Packard, an opponent of wage and price guidelines, contended that "there is no way to put numbers out in Washington that can be applied equitably across the line."

In their free hours, council members took to the tennis courts and golf links for round robin tournaments. Beating all others at tennis, which ranged from average to ridiculous, was Winton ("Red") Blount, the former Postmaster General, who heads his own big construction firm. The winner of the golf contest, where the play was somewhat sharper, was Edward Carter, chairman of Carter Hawley Hale Stores. Council members' wives, who are banned from working sessions, passed the time each afternoon by shopping. At one point a group of corporate husbands lined the walls of the Country Shop, a pricy boutique just outside the Homestead's gates, while their wives examined \$100 dresses and suits that started at \$200. Irving Shapiro, who kept telling his wife it was better to shop at Sears, finally agreed to her purchase of a pair of slacks after she showed him that they contained Dacron. "If it's Dacron, it's O.K.," said the boss of Du Pont.



High executives at the Homestead (clockwise from upper left): Mobil's Rawleigh Warner and Howard Clark of American Express; Chrysler's John Riccardo; CIA's Stansfield Turner; IBM's Frank Cary; Edgar Kaiser of Kaiser Industries flanked by Stephen Bechtel Jr. and Sr. of Bechtel Group

Council sessions at the Homestead combine the rich flavor of a country weekend at a Tara-like estate with the glorious luxury of an old-fashioned transatlantic voyage. The five-star resort has three 18-hole golf courses and 15 tennis courts. In the cavernous lobby, where half a dozen roaring fireplaces give off the gentle fragrance of burning hickory and high tea is served while a string trio plays, notices offer skeet shooting or trout fishing. There is also horseback riding or jaunts

of Hewlett-Packard, who enjoys the hostility's liquid assets, made an expletive repleted attack on Energy Czar James Schlesinger 18 months ago that left his colleagues goggle-eyed.

At the private meetings, the exchanges were frank. Confided one Administration representative: "We got a real going-over on Government barriers to exports." Yet, unlike earlier meetings, when most council members were depressed by what they saw as Jimmy Carter's aloofness to them, White House emissaries found the atmosphere generally friendly. Said General Electric Chairman Reginald Jones, who often visits the White House for private chats with President Carter: "Government officials understand problems a lot better than a year ago. The Admin-